

***Ottawa County Conservation District***  
Miami, Oklahoma

Accountant's Compilation Report  
and Financial Statements

June 30, 2013

***Ottawa County Conservation District***

Miami, Oklahoma

June 30, 2013

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*Accountant's Compilation Report*

October 7, 2013

Board of Directors  
Ottawa County Conservation District  
Miami, Oklahoma

I have compiled the accompanying Balance Sheet of ***Ottawa County Conservation District*** as of June 30, 2013, and the related statements of income, changes in fund balance and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying financial statements were prepared for the purpose of complying with the Oklahoma Conservation Commission reporting requirements described in the notes to the financial statements, and are not intended to be a presentation in conformity with US Generally Accepted Accounting Principles.

This report is intended solely for the information and use of the Board of Directors, Management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Violet F. Kirkendall CPA, PC  
Certified Public Accountant

*Ottawa County Conservation District*

Balance Sheet

June 30, 2013

Assets

*Current Assets:*

Cash and cash equivalents	\$ 3,606.82
Certificates of deposit	173,198.09
Reimbursements receivable	3,075.06
Accounts receivable	60.00
Accrued interest receivable	447.62
Prepaid insurance	<u>684.66</u>
Total Current Assets	181,072.25

*Non-Current Assets:*

Restricted certificates of deposit	84,169.74
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*Capital Assets:*

Property, plant & equipment (net of accumulated depreciation)	<u>10,060.55</u>
Total Assets	<u>\$ 275,302.54</u>

Liabilities and Fund Equity

*Current Liabilities*

Accrued annual leave	\$ 7,048.37
Deferred revenues	<u>81,380.42</u>
Total Current Liabilities	<u>88,428.79</u>

Fund Equity:

Fund Balance:	
Unrestricted	102,704.01
Restricted	<u>84,169.74</u>
Total Fund Equity	<u>186,873.75</u>
Total Liabilities and Fund Equity	<u>\$ 275,302.54</u>

*See Accountant's Compilation Report.*

***Ottawa County Conservation District***  
Statement of Revenues, Expenditures & Changes in Fund Balance  
For the year ended June 30, 2013

**REVENUES**

OCC	\$ 40,331.07
Warehouse rental	3,600.00
Other income	748.00
Interest income	<u>1,004.54</u>
Total revenues	<u>45,683.61</u>

**EXPENDITURES**

Depreciation	1,404.14
Dues and subscriptions	400.00
Election expenses	102.31
Equipment expenses	559.32
Exhibits, Shows and Events	247.96
Miscellaneous expenses	599.40
Insurance	962.00
Mileage	920.28
Meeting expenses	2,680.18
Office expense	23.94
Payroll tax expenses	3,683.75
Professional expenses	640.00
Salaries & wages	37,039.20
Telephone	<u>858.81</u>
Total expenditures	<u>50,121.29</u>

Net Income (Loss)	(4,437.68)
Fund Balance at beginning of the year	<u>191,311.43</u>
Fund Balance at end of the year	<u>\$ 186,873.75</u>

*See Accountant's Compilation Report.*

**Ottawa County Conservation District**  
Statement of Cash Flows  
For the year ended June 30, 2013

*Cash Flows from Operating Activities*

Net Income (Loss)	\$ (4,437.68)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,404.14
(Increase) decrease in operating assets	
Accounts receivable	85.50
Increase (decrease) in operating liabilities	
Accrued liabilities	<u>(138.70)</u>
Net cash provided (used) by operating activities	(3,086.74)

*Cash Flows from Investing Activities* 0.00

*Cash Flows from Non-Capital Financing Activities* 0.00

*Cash Flows from Capital and Related Financing Activities* 0.00

Increase (decrease) in cash & cash equivalents (3,086.74)

Cash and cash equivalents, beginning of year 264,061.39

Cash and cash equivalents, end of year \$ 260,974.65

Interest paid during the year \$ 0.00

Income taxes paid during the year \$ 0.00

*See Accountant's Compilation Report.*

***Ottawa County Conservation District***  
Notes to Financial Statements  
June 30, 2013

**I. Summary of Significant Accounting Policies**

The ***Ottawa County Conservation District*** is a political subdivision organized under the laws of the State of Oklahoma, Oklahoma Conservation Commission for the benefit of the citizens of Ottawa County, Oklahoma.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental units. The District complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The District has elected not to follow FASB pronouncements issued since that date.

**A. Financial Reporting Entity**

The District complies with GASB Statement No. 14, "*The Financial Reporting Entity*." This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate Districts for which the elected officials of the primary government are financially accountable and other Districts for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District considered all potential component units in determining what Districts should be included in the financial statements. Based on these criteria, there are no component units to include in the District's financial statements.

**B. Basis of Presentation**

The District's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Ottawa County Conservation District**

Notes to Financial Statements

June 30, 2013

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "*economic resources*" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Budgetary Comparison**

There is not budgetary comparison schedule present in the financial statements.

**E. Assets, Liabilities and Net Assets**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

**Fair Value of Financial Instruments**

The District's financial statements include cash and investments. The District's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**Capital Assets**

The fixed assets are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.



***Ottawa County Conservation District***

**Notes to Financial Statements**

**June 30, 2013**

**I. Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities and Net Assets (continued)**

***Income Taxes***

There has been no provision made for income taxes in the financial statements.

***Equity Classifications***

Equity is classified as net assets and displayed in three components:

- a. *Invested in capital assets, net of related debt* --- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. *Restricted net assets* --- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* --- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. Detailed Notes Concerning the Funds**

***Inventory***

The amount of inventory the district maintains is immaterial, therefore, it is not represented as an asset in the financial statements.

***Accounts Receivable***

Accounts receivable at June 30, 2013 consists of claims submitted for June expenses reimbursement from OCC received after June 30, 2013.

***Ottawa County Conservation District***

Notes to Financial Statements

June 30, 2013

**II. Detailed Notes Concerning the Funds (continued)**

**Deposits and Investments**

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The District invests entirely in certificates of deposit.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the District's investments were exposed to custodial credit risk because there were uninsured or uncollateralized.

**Changes in Property, Plant and Equipment**

The changes in property and equipment for the year ended June 30, 2013 were as follows:

	Balance at 7/1/11	Additions	Disposals	Balance at 6/30/12
Land	\$ 4,000	\$	\$	\$ 4,000
Warehouse	25,051			25,051
Improvements	1,165			1,165
Office furniture	6,171			6,171
	36,387	\$ 0	\$ 0	36,387
Accumulated Deprec.	(24,922)	\$ 1,404	\$ 0	(26,326)
Net Property, Plant & Equipment	\$ 11,865			\$ 10,061